

	UNDERCOVER FUNDS ACCOUNTABILITY	Operations Order 3.6.02
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1. **PURPOSE**

- A. Establish procedures to be used by all personnel when accounting for undercover fund activity in order to ensure a clearly defined audit trail
- B. Establish a procedure to obtain funding
- C. Ensure the physical safekeeping of disbursed funds
- D. Ensure expenditures are legitimate and appropriate

2. **UTILIZATION OF UNDERCOVER FUNDS**

- A. The [United States \(U.S.\) Department of Justice Asset Forfeiture and Money Laundering and Asset Recovery Section](#) establishes directives that participating agencies must follow to obtain and use equitably shared (asset forfeiture) funds.
- B. Work units utilizing undercover funds should refer to the [Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies](#) for further information regarding permissible and impermissible uses of these funds.

3. **OBTAINING UNDERCOVER FUNDS**

- A. Availability of Funds - Funds for undercover purposes are available from the following sources:
 - Fiscal Management Bureau (FMB) through the chain of command
 - Other justice system agencies in the form of project grants
- B. Procedures - An undercover fund may be maintained in any bureau or precinct with the approval of the respective assistant chief.
 - (1) Money for all undercover funds will be disbursed by FMB's administrator.
 - (2) FMB's administrator will maintain the checking account from which undercover funds are disbursed.
 - Any requested withdrawals from this account will require two signatures.
 - (3) A memorandum or email will be submitted to FMB's administrator when requesting funds from this account.
 - (a) The memorandum or email request will be approved by the commander/administrator of the requesting bureau/precinct and forwarded to FMB.
 - (b) The requested amount shall be disbursed to an individual designated by the bureau/precinct commander/administrator.
 - (4) Lieutenants will be responsible for disbursing funds to members of their work unit as necessary.

4. **RESPONSIBILITY FOR UNDERCOVER FUNDS**

- A. Bureau/precinct commanders/administrators will be responsible for the expenditure of undercover funds within their respective bureau/precinct.
- B. It will be the responsibility of each police employee to whom money is disbursed to provide adequate safekeeping to avoid loss or theft of funds.



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- 4 C. Officers will not use personal funds to make controlled purchases of illegal drugs or any other items that may be of evidentiary value for investigative purposes.

- Officers will, with a supervisor's approval, request undercover funds for such purchases.

5. EXPENDITURE LOG

A. Definitions:

(1) Disbursement	• Transfer of money from one person to another within the Department
(2) Expenditure	• Use of money for the purchase of evidence, investigative travel, or for community relations purposes
(3) Advance	• Use of undercover funds for purposes for which reimbursement will be received in the future • Normally authorized only when there is insufficient time to obtain funds through normal procedures
(4) Advances Reimbursed	• Reimbursement of advanced funds EXAMPLE: An officer or supervisor receives a City warrant to replenish work unit funds that were used as an advance.

B. Criteria for Use of the Expenditure Log

- (1) All police personnel involved in receiving, disbursing, or expending undercover funds will use the Expenditure Log Form 80-136D.
- (2) Exceptions to utilizing the Expenditure Log to record all activity involving undercover money may be obtained through a chain of command memorandum.
 - (a) A copy of the approval will be forwarded to FMB.
 - (b) The memorandum will explain why the waiver is sought and will provide explanatory information reference the accounting methodology to be used that will replace all or part of the Expenditure Log and related authorized forms.

C. Completion of the Expenditure Log

(1) General Information

- (a) Personnel will record all monetary transactions on the Expenditure Log on the date of occurrence.
 - This includes all monies received
 - The transaction must also be recorded in the Disbursed To block on the left side of the Expenditure Log.
 - The transaction **will not** be recorded on the worksheet side of the Expenditure Log.
- (b) Personnel will complete all applicable spaces in ink on the front of the log.
 - Entries must coincide with the explanations and amounts listed on the back of the Expenditure Log.
 - White-out or scratch-outs are not acceptable on the Expenditure Log.
 - If an error is made, a single line will be drawn through the error and will be initialed by the person completing the log.

(2) Worksheet Side of Expenditure Log

- (a) The worksheet side of the Expenditure Log will show detailed data for future reference and accountability.



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5. C. (2) (b) Explanations should be concise but complete.

- Explanations must be complete enough to be clear in any future review of the Expenditure Log.
- (c) Whenever an expenditure is connected with a specific case, the officer will include the Incident Report (IR) number on the log.
 - In the case of a sting operation, the project case number can be used on the log.
- (d) All personnel will recap their expenditure activity according to the Expenditure Symbol and Definition Summary (section C.(3) below).
- (e) The Expenditure Log will serve as a receipt for funds spent.
 - If receipts are received, they will be stapled to the Expenditure Log.

(3) Expenditure Symbol and Definition Summary

TYPE	SYMBOL	DEFINITION
(a) Pornography	P	Amount of money spent on pornographic material purchased in conjunction with an investigation or amount spent on movies in bookstores
(b) Gambling	G	Funds spent of bets and wagers in conjunction with gambling investigations
(c) Narcotics Reliability Buy	NR	Funds spent by officer or Information Source on reliability buys
(d) Narcotics Case Buys	NCB	Funds spent on drugs purchased for case or "no prosecution case" buys
(e) Evidence Purchases	EP	Funds spent on the purchase of stolen property or contraband other than narcotics
(f) Alcoholic Beverages - Officer	AB	Funds spent on alcoholic beverages purchased for self or other officer
(g) Alcoholic Beverages - Other	ABO	Funds spent on alcoholic beverages for others (bar patrons, etc.) but not on an <u>IS</u>
(h) Cover Expenses	CE	Funds spent in order to gain admittance to nightclubs, social clubs, etc.
(i) Investigative - Food, Soft Drinks	IF	Funds spent on food, soft drinks, and tips directly relating to an investigation, checking activities at a bar, etc.
(j) Investigative - Other	IO	Funds spent on pool games, video games, hotel rooms used for surveillance, etc.
(k) Information Source Payment	ISP	Funds paid to an <u>IS</u> for information or services rendered, record related IR number or <u>IS</u> number.
(l) Information Source - Other	ISO	Funds paid to or on behalf of an <u>IS</u> for alcoholic beverages, food, cigarettes, lodging, etc., unless the <u>IS</u> is a protected witness
(m) Witness Protection	WP	Funds spent on behalf of witnesses relocated for their protection, including travel, food, and incidentals Receipts must be attached to Expenditure Log with related IR number, etc.
(n) Special Program	SP	Funds spent on community relations programs
(o) Food - Official Business	FOB	Funds spent on coffee, lunches, etc., in conjunction with City business or connected with an investigation
(p) Massages/Table Dances	M	Funds spent for massages and/or table dances during investigations involving such activities Tips paid out in this category will be listed separately: for example, massage \$40/Tip \$10, Table Dance \$15/Tip \$5.
(q) Investigative Travel	IT	Expenses related to investigative travel: for example, per diem, transportation, and lodging outside of Maricopa County
(r) Investigative Expenses	IE	Purchase of items needed to further criminal investigations: for example, computer storage devices and tools and other unforeseen items needed to process crime scenes



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5. C. (3) Expenditure Symbol and Definition Summary (Continued)

TYPE	SYMBOL	DEFINITION
(s) Other Expenses	OE	Funds spent for expenses not covered by above categories: for example, VITALE (reversal) Explanation must be provided. List any lost or stolen funds here with IR number and copy of IR attached.

D. Information Source (IS) Expenditures

(1) General Information

- (a) If the expenditure is related to the use of an IS, the IS's identification number is required on the Expenditure Log.
- (b) As a general practice, an IS should only be paid after either a service has been provided (introduced an officer to a narcotics dealer, burglar, fence, etc.) or intelligence information has led to the making of a case.
- (c) Advance payments will not be made unless the matter is first approved by a supervisor of the rank of lieutenant or above.
- (d) The amount paid to an IS will vary based upon the importance of the case and the relevance of the information or service provided by the IS in making a case.
- (e) Payments up to \$2000 must be approved by the bureau supervisor at the rank of sergeant or above.
- (f) Payments of more than \$2000 must be approved by the bureau commander or designee.
- (g) Payments of more than \$5000 must be approved by the Police Chief or designee.
- (h) Information expenditures should be based primarily upon defined objectives outlined in [Operations Order 8.3.00, Information Sources](#).

(2) Receipts - Receipts will be used for **all** information source payments.

- (a) Each IS payment will be witnessed by a backup officer.
 - The backup officer will sign the receipt and note the transaction on the Expenditure Log.
 - The original receipt will be paper-clipped to the money sheet.
 - The reviewing supervisor will transfer this receipt to the respective source's file.
 - A copy of the receipt will be stapled to the disbursing officer's Expenditure Log.
 - A copy of the receipt also will be sent to the Intelligence and Investigations Unit lieutenant of the Homeland Defense Bureau (HDB).
- (b) A notation of the payment will be made on the Expenditure Log.
- (c) The following information will be included on the Expenditure Log:
 - Date and location of the payment transaction
 - A brief explanation
 - IS's identification number
 - Type of transaction (purchase of information, narcotics, etc.)
 - IR number



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5. D. (2) (d) The reviewing/approving supervisor will initial the entry next to the listed transaction on the log.

E. Inspection of Expenditure Logs

(1) Submission of Logs to Supervisors

(a) Weekly	- Officers assigned to the below listed bureaus/units will submit their Expenditure Logs to their supervisor <u>every week</u>. * Drug Enforcement Bureau (DEB) * Fugitive Apprehension Investigations Detail (FAID) - The cut-off day for weekly Expenditure Logs will be the end of shift each Sunday (Monday being the first day of the new week).
(b) Monthly	Officers assigned to other bureaus will submit their Expenditure Log to their immediate supervisor on a <u>monthly</u> basis.

(2) Review of Expenditures

- (a) Expenditures incurred as noted will be reviewed and approved at the bureau or unit level.
- (b) All units and bureaus will summarize the appropriate data as follows:
- The information in the upper-right box of the Expenditure Log will be placed in the Summary of 80-136D Section A Form 80-136DA.
 - The information from the lower left boxes of the Expenditure Log will be placed in Section B of the Summary of 80-136D Form 80-136DB.
- (c) The information from section 5.D.(2)(b) of this order may be summarized on a computer-generated report that satisfies the requirements of FMB.

(3) Audits of Undercover Expenditures

(a) Submission of Statement to FMB

- Drug Enforcement Bureau (DEB) and Crime Impact Unit (CIU) will submit a weekly financial statement cover letter to FMB for examination.
- All other units will submit a monthly financial statement cover letter to FMB.
- Expenditure Logs and other supporting documentation should be retained at the bureau/work unit and made available to FMB personnel upon request.

(b) Review of Undercover Expenditures by FMB

- The financial statement cover letter will not be accompanied by the Expenditure Logs.
- This financial statement cover letter must be reconciled with the weekly/monthly Expenditure Logs at the bureau or unit level.
- The financial statement cover letter will not be returned to the originating bureau/unit.
- FMB will perform periodic and systematic reviews of Expenditure Logs, money sheets, and surprise cash counts.

Last Organizational Review:

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